

MAURY COUNTY REGIONAL
AIRPORT AUTHORITY
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Maury County Regional Airport Authority
Mt. Pleasant, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major governmental fund of the Maury County Regional Airport Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major governmental fund of the Maury County Regional Airport Authority, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

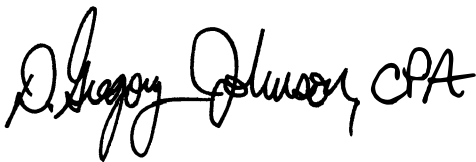
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maury County Regional Airport Authority's basic financial statements. The budgetary comparison schedule of the governmental fund is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of federal and state financial assistance is presented for purposes of additional analysis and is also not a required part of the financial statements.

The budgetary comparison schedule of the governmental fund and the schedule of federal and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the budgetary comparison schedule of the governmental fund and the schedule of federal and state financial assistance are fairly stated, in all material aspects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 18, 2018, on my consideration of Maury County Regional Airport Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Maury County Regional Airport Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "D. Gregory Johnson, CPA". The signature is fluid and cursive, with the letters "D", "G", and "J" being particularly prominent.

D. Gregory Johnson, CPA
Columbia, Tennessee
January 18, 2018

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
ROSTER OF OFFICIALS AND COMMISSIONERS
YEAR ENDED JUNE 30, 2017**

Management Officials

Paul Turner, Manager

Commissioners

Greg Martin, Chairman

Justin Robinette

Tom Apker

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2017**

ASSETS

Cash and cash equivalents	\$ 241,869
Receivables	29,020
Inventory	36,339
Deposits and prepaid expenses	46,554
Capital assets, not being depreciated	1,832,380
Capital assets, being depreciated, net	<u>5,718,321</u>
Total assets	<u>7,904,483</u>

LIABILITIES

Accounts payable	37,657
Contracts and retainage payable	10,000
Sales tax payable	<u>1,833</u>
Total liabilities	<u>49,490</u>

NET POSITION

Net investment in capital assets	7,540,701
Unrestricted	<u>314,292</u>
Total net position	<u><u>\$ 7,854,993</u></u>

The accompanying notes are an integral part of these financial statements.

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Program Activities	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Total
Governmental Activities				
General government and administration	\$ 996,001	\$ 523,435	\$ 222,967	\$ (249,599)
	General revenues			
	Interest income			55
	Other income			22,105
	Total general revenues			22,160
	Change in net assets			(227,439)
	Net position, beginning of year			8,082,432
	Net position, end of year			\$ 7,854,993

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 241,869
Receivables	29,020
Inventory	36,339
Deposits and prepaid expenses	<u>46,554</u>
Total assets	<u><u>\$ 353,782</u></u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 37,657
Contracts and retainage payable	10,000
Sales tax payable	<u>1,833</u>
Total liabilities	<u>49,490</u>
Fund balances	
Nonspendable	82,893
Unassigned	<u>221,399</u>
Total fund balances	<u>304,292</u>
Total liabilities and fund balances	<u><u>\$ 353,782</u></u>

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Fund Balances - total governmental funds	\$ 304,292
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds

Governmental capital assets	13,391,983	
Less accumulated depreciation	<u>(5,841,282)</u>	<u>7,550,701</u>
Net Position of Governmental Activities		<u><u>\$ 7,854,993</u></u>

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Revenues

Hangar rent	\$ 91,701
Fuel sales	431,734
Government appropriations and grants	222,967
Interest income	55
Other income	<u>22,105</u>
 Total revenues	 <u>768,562</u>

Expenditures

Bookkeeping	6,000
Cable television	2,793
Capital expenditures	66,895
Contract management	79,300
Fuel purchases	343,443
Fuel selling expenses	23,370
Grounds maintenance	24,056
Insurance	9,194
Janitorial	4,650
Office & operational expenses	4,223
Postage	154
Professional fees	55,856
Public notices	815
Repairs & maintenance	5,180
Taxes, licenses & penalties	740
Telephone	3,035
Utilities	<u>25,803</u>
 Total expenditures	 <u>655,507</u>

Excess of revenues over (under) expenditures	113,055
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Fund balance, beginning of year	<u>191,237</u>
Fund balance, end of year	<u><u>\$ 304,292</u></u>

The accompanying notes are an integral part of these financial statements.

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances - total governmental funds	\$ 113,055
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in
the Statement of Activities, the cost of those assets is depreciated over
their estimated useful lives:

Expenditures for capital assets	66,895	
Less current depreciation	<u>(407,389)</u>	<u>(340,494)</u>
Change in Net Position of Governmental Activities		<u>\$ (227,439)</u>

The accompanying notes are an integral part of these financial statements.

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Maury County Regional Airport Authority (“the Authority”) is a Tennessee not-for-profit corporation, created among the governments of Maury County, the City of Columbia, and the City of Mt. Pleasant pursuant to *Tennessee Code Annotated*, Section 42-3-104. The Authority is under the direction of a three-member Board of Commissioners, with one commissioner appointed by each governmental body.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Sources of Revenue

The Authority is financed by hangar rent, ground lease income, fuel sales, state and local governmental appropriations and governmental grants. The amount received from governmental agencies during the current year is as follows:

Maury County	\$ 80,000
City of Columbia	10,000
City of Mt. Pleasant	5,000
State of Tennessee	<u>127,967</u>
	<u>\$ 222,967</u>

Amounts reported as *program revenues* include 1) charges to customers or applicants for services or privileges, and 2) operating grants and contributions.

Cash and Cash Equivalents

The Authority considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Inventory

Inventory consists of air and jet fuel reported at average cost. In October 2010, the Authority assumed management duties of the facility, including the purchase and sale of fuel.

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Capital Assets

The investment in airport facilities as of July 1, 1981, is recorded at its estimated value. Additions subsequent to July 1, 1981, are recorded at cost. The land, deeded to the Authority by the City of Mt. Pleasant, Tennessee, for airport use only, is recorded at its estimated market value on the date of transfer.

Subsequent capital assets, which include construction in process, land, buildings and improvements, equipment, and infrastructure assets (e.g. roads, sidewalks, traffic lights and signals, streetlights, and similar items), are reported in the applicable governmental columns in the statements. Capital assets are defined by the Authority as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended June 30, 2017.

Capital assets of the Authority are depreciated using a straight-line method over the following estimated useful lives:

Buildings	5 to 50 years
Improvements other than buildings	5 to 50 years
Infrastructure	15 to 75 years
Machinery and equipment	5 to 30 years

Fund Equity

The Authority implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances.

Generally, governmental fund balances represent the difference between the assets and liabilities under the current financial resources measurement focus of accounting. Governmental funds report fund balance classifications that comprise a hierarchy primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

- Assigned – Fund balances are reported as assigned when amounts are constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The Authority reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

For unrestricted amounts of fund balance, it is the Authority's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

The Authority's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30th. The Authority's commissioners and the County of Maury formally approve the annual budget at the beginning of the year and subsequently authorize budget amendments as necessary.

NOTE B – DEPOSITS AND CASH INVESTMENTS

The *Tennessee Code Annotated* requires Tennessee banks and savings and loan associations to secure a government entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). It is the Authority's policy to require financial institutions holding its deposits to be members of the Tennessee Collateral Pool or if not a member of the Tennessee Collateral Pool to pledge collateral for deposits in excess of the FDIC coverage. At June 30, 2017, all bank deposits were either fully insured by the FDIC or collateralized by the Tennessee Collateral Pool.

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

NOTE B – DEPOSITS AND CASH INVESTMENTS (CONTINUED)

The Authority's investment policy follows state law which authorizes investments for Tennessee counties in *Tennessee Code Annotated* Section 5-8-301. State statutes authorize the Authority to invest in obligations of the federal government, federal agencies, state government, the state investment pool, certificates of deposit, other time deposits, and repurchase agreements, which require the approval of the State Director of Local Finance.

At June 30, 2017, the Authority's operating funds were maintained in an interest-bearing account earning interest at a rate of 0.03%.

Cash deposits at June 30, 2017, are summarized as follows:

Cash and cash equivalents, as reported in financial statements	<u>\$ 241,869</u>
Bank balance for above deposits	<u>\$ 259,078</u>

NOTE C – RECEIVABLES

Receivables at June 30, 2017, consist of the following:

State of Tennessee	<u>\$ 29,020</u>
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NOTE D – DEPOSITS AND PREPAID EXPENSES

Deposits and prepaid expenses at June 30, 2017, consist of the following:

Prepaid 5% match for State of Tennessee Airport Layout grant	\$ 2,353
Prepaid match for State of Tennessee Hanger Refurbishment grant	445
Prepaid match for State of Tennessee Relocate Taxiway grant	1,446
Prepaid 5% match for State of Tennessee Land Acquisition grant	801
Prepaid 5% match for State of Tennessee Gate Reader/Gates grant	533
Prepaid 5% match for State of Tennessee Apron Rehab grant	37,086
Prepaid 5% match for State of Tennessee Land Acquisition #0747 grant	3,142
Other deposits	<u>748</u>
	<u>\$ 46,554</u>

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

NOTE E – CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets, not being depreciated:				
CIP – Taxi runway relocation	\$ 3,664,837	\$ -	\$(3,664,837)	\$ -
CIP – Apron pavement rehab	-	58,283	-	58,283
CIP – Land - Adcox property	-	2,150	-	2,150
Land	1,771,947	-	-	1,771,947
Total capital assets, not being depreciated	<u>5,436,784</u>	<u>60,433</u>	<u>(3,664,837)</u>	<u>1,832,380</u>
Capital assets, being depreciated:				
Land improvements	354,398	-	-	354,398
Building	786,595	-	-	786,595
Equipment & fixtures	841,300	-	-	841,300
Runways, taxiway, & apron	5,906,011	3,671,299	-	9,577,310
Total capital assets, being depreciated	<u>7,888,304</u>	<u>3,671,299</u>	<u>-</u>	<u>11,559,603</u>
Less accumulated depreciation:				
Land improvements	(114,589)	(14,176)	-	(128,765)
Building	(325,904)	(31,830)	-	(357,734)
Equipment & fixtures	(800,165)	(6,095)	-	(806,260)
Runways, taxiway, & apron	(4,193,235)	(355,288)	-	(4,548,523)
Total accumulated depreciation	<u>(5,433,893)</u>	<u>(407,389)</u>	<u>-</u>	<u>(5,841,282)</u>
Total capital assets, being depreciated, net	<u>2,454,411</u>	<u>3,263,910</u>	<u>-</u>	<u>5,718,321</u>
Capital assets, net	<u><u>\$ 7,891,195</u></u>	<u><u>\$3,324,343</u></u>	<u><u>\$(3,664,837)</u></u>	<u><u>\$ 7,550,701</u></u>

Depreciation was charged to governmental functions in the general fund in the amount of \$407,389.

NOTE F – FUND BALANCES

At June 30, 2017, fund balances for governmental funds are made up of the following:

	<u>General Fund</u>
Nonspendable	
Inventory	\$ 36,339
Deposits and prepaid expenses	<u>46,554</u>
	82,893
Unassigned	<u>221,399</u>
Total	<u><u>\$ 304,292</u></u>

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

NOTE G – ECONOMIC DEPENDENCE

The Authority is economically dependent on the appropriations from state and local governments. For the current year, these appropriations represent approximately 29% of total revenues of the Authority, and 66% of total non-fuel-sale revenue.

NOTE H – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE I – AIRPORT MANAGEMENT

The Authority has responsibility for the management of the airport facility and the purchase and sale of fuel. Fuel is provided by the Authority, and the Authority receives 100% of the receipts of all fuel sales. The Authority has a contract with a manager for the daily oversight and maintenance of the facility. Total management fees incurred in the current year amounted to \$79,300.

NOTE J – SUBSEQUENT EVENTS

The Authority considered events and transactions that occur after the statement of net position, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were available to be issued on January 18, 2018, and subsequent events have been evaluated through that date.

SUPPLEMENTARY INFORMATION

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Hangar rent	\$ 76,650	\$ 76,650	\$ 91,701	\$ 15,051
Ground lease income	2,100	2,100	-	(2,100)
Fuel sales	460,000	490,000	431,734	(58,266)
Government appropriations and grants	1,064,000	1,094,000	222,967	(871,033)
Interest income	125	125	55	(70)
Other income	1,200	1,650	22,105	20,455
Total revenues	1,604,075	1,664,525	768,562	(895,963)
Expenditures				
Bookkeeping	6,500	6,500	6,000	500
Cable television	1,000	3,500	2,793	707
Capital expenditures	872,698	908,698	66,895	841,803
Conferences	1,200	1,200	-	1,200
Contract management	78,000	78,000	79,300	(1,300)
Fuel purchases	360,100	414,100	343,443	70,657
Fuel selling expenses	26,550	28,550	23,370	5,180
Grounds maintenance	30,000	30,000	24,056	5,944
Insurance	18,000	18,000	9,194	8,806
Janitorial	7,425	7,425	4,650	2,775
Office & operational expenses	4,500	6,450	4,223	2,227
Postage	150	150	154	(4)
Professional fees	61,102	61,102	55,856	5,246
Public notices	1,400	1,400	815	585
Repairs & maintenance	12,500	12,500	5,180	7,320
Taxes, licenses & penalties	1,550	1,550	740	810
Telephone	8,400	8,400	3,035	5,365
Utilities	28,000	28,000	25,803	2,197
Total expenditures	1,519,075	1,615,525	655,507	960,018
Excess of revenues over (under) expenditures	85,000	49,000	113,055	64,055
Fund balance, beginning of year	191,237	191,237	191,237	-
Fund balance, end of year	\$ 276,237	\$ 240,237	\$ 304,292	\$ 64,055

See auditor's report.

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017

CFDA Number	Grant Number	Program Name	Grantor Agency	(Receivable) Deferred Balance July 1, 2016	Cash Receipts	Cash Expenditures	(Receivable) Deferred Balance June 30, 2017
<u>Federal Awards</u>							
20.106	60-555-0140-04	Airport Taxiway Relocation grant	Dept. of Transportation	\$ -	\$ 1,685	\$ 1,685	\$ -
20.106	60-555-0143-16	Airport Land Acquisition grant	Dept. of Transportation	(41,829)	42,550	721	-
20.106	60-555-0144-16	Airport Gate Reader/Gates grant	Dept. of Transportation	(21,915)	21,915	-	-
20.106	60-555-0146-117	Airport Apron Pavement Rehabilitation	Dept. of Transportation	-	36,662	52,455	(15,793)
Total Federal Awards				<u>(63,744)</u>	<u>102,812</u>	<u>54,861</u>	<u>(15,793)</u>
<u>State Financial Assistance</u>							
20.106	60-555-0140-04	Airport Taxiway Relocation grant	Dept. of Transportation	-	4,244	4,244	-
-	60-555-0741-04	Airport layout grant	Dept. of Transportation	-	35,539	40,187	(4,648)
20.106	60-555-0143-16	Airport Land Acquisition grant	Dept. of Transportation	(2,324)	2,364	40	-
20.106	60-555-0144-16	Airport Gate Reader/Gates grant	Dept. of Transportation	(1,217)	1,217	-	-
20.106	60-555-0747-17	Airport Land Acquisition grant	Dept. of Transportation	-	2,043	2,043	-
20.106	60-555-0146-17	Airport Apron Pavement Rehabilitation	Dept. of Transportation	-	2,037	2,914	(877)
-	60-555-0445-17	Airport maintenance contract	Dept. of Transportation	-	7,838	14,336	(6,498)
-	60-555-1642-04	Airport maintenance contract	Dept. of Transportation	-	9,343	9,343	-
Total State Financial Assistance				<u>(3,541)</u>	<u>64,625</u>	<u>73,107</u>	<u>(12,023)</u>
Total Federal & State Financial Assistance				<u>\$ (67,285)</u>	<u>\$ 167,437</u>	<u>\$ 127,968</u>	<u>\$ (27,816)</u>

Note A - Basis of Presentation

The accompanying Schedule of Federal and State Financial Assistance summarized the expenditures of the Authority under programs of the federal and state governments for the year ended June 30, 2017. The schedule is presented using the modified accrual basis of accounting.

See auditor's report.

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Maury County Regional Airport Authority
Mt. Pleasant, Tennessee

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major governmental fund of the Maury County Regional Airport Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Maury County Regional Airport Authority's basic financial statements and have issued my report thereon dated January 18, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Maury County Regional Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Maury County Regional Airport Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Maury County Regional Airport Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maury County Regional Airport Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings and responses as item 2017-1.

Maury County Regional Airport Authority's Response to Findings

Maury County Regional Airport Authority's response to the findings identified in my audit is described in the accompanying schedule of audit findings and responses. Maury County Regional Airport Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion in it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "D. Gregory Johnson, CPA". The signature is written in a cursive, flowing style.

D. Gregory Johnson, CPA
Columbia, Tennessee
January 18, 2018

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017**

Finding 2017-1 – Expenditures Exceed the Budget and Fiscal Plan

Condition: The Authority exceeded budget amounts in several of its operating expenses.

Criteria: According to Tennessee law, the authority cannot expend moneys regardless of their source except in accordance with a budget previously adopted. The law further states that nothing limits the Board of Commissioners from amending a budget after adoption.

Effect: State statutes, charters, and local ordinances assign the responsibility of the budgeting process and establish budgetary authority for expenditures. To avoid possible conflict, officials should authorize all expenditures either in the original budget, in an amendment, or in a supplemental appropriation.

Recommendation: The Board of Commissioners reviews on a monthly basis, as required by law, the actual-to-budget comparisons and adopt amendments to its budget when unexpected departures from its fiscal plan are anticipated.

Management's Response: *Contract labor exceeded the budget. This was the result of an oversight when the budget was revised. At the end of May, all accounts appeared to be in budget. The accountant was unaware that the manager's pay had been increased. This increase was properly reported in the minutes from the November 2016 meeting. To avoid this in the future, the accountant has requested a copy of the minutes to be received monthly. This will make the accountant aware of changes that should be made to the budget.*

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

There were no prior year findings reported.